

## Pt. 304

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service providers and administrators, service area (rural/urban), population served (income, race, marital status), program goals, application or referral process (including referral sources), voluntary or mandatory nature of the programs, types of activities, and length and features of a completed program;

(2) Report data including: the number of applicants/referrals for each program, the total number of participating individuals, and the number of persons who have completed program requirements by authorized activities (mediation—voluntary and mandatory, counseling, education, development of parenting plans, visitation enforcement—including monitoring, supervision and neutral drop-off and pickup) and development of guidelines for visitation and alternative custody arrangements; and

(3) Report the information required in paragraphs (c)(1) and (c)(2) of this section annually, at such time, and in such form, as the Secretary may require.

[64 FR 15136, Mar. 30, 1999]

### PART 304—FEDERAL FINANCIAL PARTICIPATION

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AUTHORITY: 42 U.S.C. 651 through 655, 657, 1302, 1396a(a)(25), 1396b(d)(2), 1396b(o), 1396b(p), and 1396(k).

EDITORIAL NOTE: Nomenclature changes to part 304 appear at 64 FR 6252, Feb. 9, 1999.

SOURCE: 40 FR 27166, June 26, 1975, unless otherwise noted.

#### § 304.10 General administrative requirements.

As a condition for Federal financial participation, the provisions of part 74 of this title (with the exception of 45 CFR 74.23, Cost Sharing or Matching and 45 CFR 74.52, Financial Reporting) establishing uniform administrative requirements and cost principles shall apply to all grants made to States under this part.

[40 FR 27166, June 26, 1975, as amended at 61 FR 67241, Dec. 20, 1996]

#### § 304.11 Effect of State rules.

Subject to the provisions and limitations of title IV-D of the Act and chapter III, Federal financial participation will be available in expenditures made under the State plan (including the administration thereof) in accordance with applicable State laws, rules, regulations, and standards governing expenditures by State and local child support enforcement agencies.

#### § 304.12 Incentive payments.

(a) *Definitions.* For the purposes of this section:

*Non-title IV-A collections* means support collections, on behalf of individuals receiving services under this title, satisfying a support obligation which has not been assigned under section 408(a)(3) of the Act or section 471(a)(17) of the Act, including collections treated in accordance with paragraph (b)(4)(ii) of this section.

*Title IV-A collections* means support collections satisfying an assigned support obligation under section 408(a)(3) of the Act or section 471(a)(17) of the Act, including collections treated in accordance with paragraph (b)(4)(ii) of this section.

*Total IV-D administrative costs* means total IV-D administrative expenditures claimed by a State in a specified fiscal year adjusted in accordance with paragraphs (b)(4)(iii), (b)(4)(iv) and (b)(4)(v) of this section.

(b) *Incentive payments to States.* Effective October 1, 1985, the Office shall compute incentive payments for States for a fiscal year in recognition of title IV-A collections and of non-title IV-A collections.

(1) A portion of a State's incentive payment shall be computed as a percentage of the State's title IV-A collections, and a portion of the incentive payment shall be computed as a percentage of its non-title IV-A collections. The percentages are determined separately for title IV-A and non-title IV-A portions of the incentive. The percentages are based on the ratio of the State's title IV-A collections to the State's total administrative costs and the State's non-title IV-A collections to the State's total administrative costs in accordance with the following schedule:

Ratio of collections to total IV-D administrative costs	Percent of collection paid as an incentive
Less than 1.4 .....	6.0
At least 1.4 .....	6.5
At least 1.6 .....	7.0
At least 1.8 .....	7.5
At least 2.0 .....	8.0
At least 2.2 .....	8.5
At least 2.4 .....	9.0
At least 2.6 .....	9.5
At least 2.8 .....	10.0

(2) The ratios of the State's title IV-A and non-title IV-A collections to total IV-D administrative costs will be truncated at one decimal place.

(3) The portion of the incentive payment paid to a State for a fiscal year in recognition of its non-title IV-A collections is limited to the percentage of the portion of the incentive payment paid for that fiscal year in recognition of its title IV-A collections, as follows:

- (i) 100 percent in fiscal years 1986 and 1987;
- (ii) 105 percent in fiscal year 1988;
- (iii) 110 percent in fiscal year 1989; and
- (iv) 115 percent in fiscal year 1990 and thereafter.

(4) In calculating the amount of incentive payments, the following conditions apply:

- (i) Only those title IV-A and non-title IV-A collections distributed and expenditures claimed by the State in the fiscal year shall be used to determine

the incentive payment payable for that fiscal year;

- (ii) Support collected by one State on behalf of individuals receiving IV-D services in another State shall be treated as having been collected in full by each State;

(iii) Fees paid by individuals, recovered costs, and program income such as interest earned on collections shall be deducted from total IV-D administrative costs;

(iv) At the option of the State, laboratory costs incurred in determining paternity may be excluded from total IV-D administrative costs; and

(v) Effective January 1, 1990, amounts expended by the State in carrying out a special project under section 455(e) of the Act shall not be included in the State's total IV-D administrative costs.

(vi) Costs of demonstration projects for evaluating model procedures for reviewing child support awards under section 103(e) of Public Law 100-485 shall not be included in the State's total IV-D administrative costs.

(c) *Payment of incentives.* (1) The Office will estimate the total incentive payment that each State will receive for the upcoming fiscal year.

(2) Each State will include one-quarter of the estimated total payment in its quarterly collection report which will reduce the amount that would otherwise be paid to the Federal government to reimburse its share of assistance payments under §§ 302.51 and 302.52 of this chapter.

(3) Following the end of a fiscal year, the Office will calculate the actual incentive payment the State should have received based on the reports submitted for that fiscal year. If adjustments to the estimate made under paragraph (c)(1) of this section are necessary, the State's IV-A grant award will be reduced or increased because of over- or under-estimates for prior quarters and for other adjustments.

(4) For FY 1985, the Office will calculate a State's incentive payment based on title IV-A collections retained by the State and paid to the family under § 302.51(b)(1) of this chapter.

(5) For FY 1986 and 1987, a State will receive the higher of the amount due it under the incentive system and Federal

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matching rate in effect as of FY 1986 or 80 percent of what it would have received under the incentive system and Federal matching rate in effect during FY 1985.

[54 FR 32312, Aug. 4, 1989, as amended at 56 FR 8005, Feb. 26, 1991; 64 FR 6252, Feb. 9, 1999]

### § 304.15 Cost allocation.

A State agency in support of its claims under title IV-D of the Social Security Act must have an approved cost allocation plan on file with the Department in accordance with the requirements contained in Subpart E of 45 CFR part 95. Subpart E also sets forth the effect on FFP if the requirements contained in that subpart are not met.

[47 FR 17509, Apr. 23, 1982]

### § 304.20 Availability and rate of Federal financial participation.

(a) Federal financial participation at the applicable matching rate is available for:

(1) Necessary expenditures under the State title IV-D plan for the support enforcement services and activities specified in this section and § 304.21 provided to individuals from whom an assignment of support rights as defined in § 301.1 of this chapter has been obtained;

(2) Parent locator services for individuals eligible pursuant to § 302.33 of this title;

(3) Paternity and support services under the State plan for individuals eligible pursuant to § 302.33 of this chapter.

(b) Services and activities for which Federal financial participation will be available shall be those made pursuant to the approved title IV-D State plan which are determined by the Secretary to be necessary expenditures properly attributable to the Child Support Enforcement program, except any expenditure incurred in providing location services to individuals listed in § 302.35(c)(4) of this title, including the following:

(1) The administration of the State Child Support Enforcement program, including but not limited to the following:

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(i) The establishment and administration of the State plan;

(ii) Monitoring the progress of program development and operations and evaluating the quality, efficiency, effectiveness and scope of support enforcement services available in each political subdivision;

(iii) The establishment of all necessary agreements with other State and local agencies or private providers for the provision of services in support of support enforcement in accordance with the Procurement Standards found in 45 CFR 74.40 et seq. These agreements may include:

(A) Necessary administrative agreements for support services;

(B) Utilization of State and local information resources;

(C) Cooperation with courts and law enforcement officials, and Indian Tribes or Tribal organizations pursuant to § 302.34 of this chapter;

(iv) Securing compliance with the requirements of the State plan in operations under any agreements;

(v) The development and maintenance of systems for fiscal and program records and reports required to be made to the Office based on these records;

(vi) The development of a cost allocation system pursuant to § 304.15 of this chapter;

(vii) The financial control of the State plan including the administration of Federal grants pursuant to § 301.15 of this chapter;

(viii) The establishment of agreements with agencies administering the State's title IV-A and IV-E plans in order to establish criteria for:

(A) Referral of cases to the IV-D agency;

(B) Reporting on a timely basis information necessary to the determination and redetermination of eligibility and amount of assistance payments;

(C) The procedures to be used to transfer collections from the IV-D agency to the IV-A or IV-E agency before or after the distribution described in § 302.51 or § 302.52, respectively, of this chapter.

(ix) The establishment of agreements with Medicaid agencies necessary to carry out required IV-D activities and to establish criteria for:

(A) Referring cases to the IV-D agency;

(B) Reporting on a timely basis information necessary for the determination and redetermination of eligibility for Medicaid;

(C) Transferring collections from the IV-D agency to the Medicaid agency in accordance with §302.51(c) of this chapter.

(2) The establishment of paternity including:

(i) Reasonable attempts to determine the identity of the child's father such as:

(A) Investigation;

(B) The development of evidence including the use of the polygraph and genetic tests;

(C) Pre-trial discovery;

(ii) Court or other actions to establish paternity pursuant to procedures established under State statutes or regulations having the effect of law;

(iii) Identifying competent laboratories that perform genetic tests as described in §303.5(c) of this chapter and making a list of those laboratories available;

(iv) Referral of cases to the IV-D agency of another State to establish paternity when appropriate;

(v) Cooperation with other States in determining paternity;

(vi) Payments up to \$20 to hospitals, State birth record agencies, and other entities designated by the State and participating in the State's voluntary paternity establishment program, under §303.5(g) of this chapter, for each voluntary acknowledgment obtained pursuant to an agreement with the IV-D agency;

(vii) Developing and providing to hospitals, State birth record agencies, and other entities designated by the State and participating in the State's voluntary paternity establishment program, under §303.5(g) of this chapter, written and audiovisual materials about paternity establishment and forms necessary to voluntarily acknowledge paternity; and

(viii) Reasonable and essential short-term training associated with the State's program of voluntary paternity establishment services under §303.5(g).

(3) The establishment and enforcement of support obligations including:

(i) Investigation, the development of evidence and when appropriate, bringing court actions;

(ii) Determination of the amount of the child support obligation including developing the information needed for a financial assessment;

(iii) Referral of cases to the IV-D agency of another State to establish a child support obligation when appropriate;

(iv) Enforcement of a support obligation including those activities associated with collections and the enforcement of court orders, such as contempt citations, issuance of warrants, investigation, income withholding and processing, and the obtaining and enforcing of court-ordered support through civil or criminal proceedings either in the State that granted the order or in another State;

(v) Investigation and prosecution of fraud related to child and spousal support.

(4) The collection and distribution of support payments including:

(i) An effective system for making collections of established support obligations and identifying delinquent cases and attempting to collect support from these cases;

(ii) Referral of cases to the IV-D agency of another State for collection when appropriate;

(iii) Making collections for another State;

(iv) The distribution of funds as required by this chapter;

(v) Making the IV-A agency aware of the amounts collected and distributed to the family for the purposes of determining eligibility for, and amount of, assistance under the State title IV-A plan;

(vi) Making the Medicaid agency aware of amounts collected and distributed to the family for the purposes of determining eligibility for assistance under the State XIX plan.

(5) The establishment and operation of the State parent locator service including:

(i) Utilization of appropriate State and local locate sources to locate non-custodial parents;

(ii) Utilization of the Federal Parent Locator Service;

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(iii) Collection of the fee pursuant to § 303.70(e) of this chapter;

(iv) Referral of requests for location of a noncustodial parent to the IV-D agency of another State;

(v) Cooperation with another State in locating a noncustodial parent;

(6) Activities related to requests for certification of collection of support delinquencies by the Secretary of the Treasury pursuant to § 303.71 of this chapter.

(7) Activities related to requests for utilization of the United States district courts pursuant to § 303.73 of this chapter.

(8) Establishing and maintaining case records as required by § 303.2 of this chapter.

(9) The operation of systems that meet the conditions of § 307.35(a) of this chapter; and

(10) Systems approved in accordance with 45 CFR part 95, subpart F. (See § 307.35(b) of this chapter.)

(11) Required medical support activities as specified in §§ 303.30 and 303.31 of this chapter.

(c) Until September 30, 1997, Federal financial participation is available at the 90 percent rate for the planning design, development, installation and enhancement of computerized support enforcement systems that meet the requirements in § 307.30(a) of this chapter.

(d) Federal financial participation at the 90 percent rate is available for laboratory costs incurred in determining paternity on or after October 1, 1988, including the costs of obtaining and transporting blood and other samples of genetic material, repeated testing when necessary, analysis of test results, and the costs for expert witnesses in a paternity determination proceeding, but only if the expert witness costs are included as part of the genetic testing contract.

[40 FR 27166, June 26, 1975, as amended at 46 FR 1276, Jan. 6, 1981; 47 FR 24719, June 8, 1982; 47 FR 57282, Dec. 23, 1982; 49 FR 33263, Aug. 22, 1984; 50 FR 19656, May 9, 1985; 50 FR 41894, Oct. 16, 1985; 54 FR 32313, Aug. 4, 1989; 56 FR 8005, Feb. 26, 1991; 56 FR 22355, May 15, 1991; 57 FR 47002, Oct. 14, 1992; 59 FR 66251, Dec. 23, 1994; 61 FR 67241, Dec. 20, 1996; 63 FR 44814, Aug. 21, 1998; 64 FR 6252, Feb. 9, 1999; 64 FR 11810, Mar. 10, 1999; 68 FR 25305, May 12, 2003]

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### § 304.21 Federal financial participation in the costs of cooperative arrangements with courts and law enforcement officials.

(a) *General.* Subject to the conditions and limitations specified in this part, Federal financial participation (FFP) at the applicable matching rate is available in the costs of cooperative agreements with appropriate courts and law enforcement officials in accordance with the requirements of § 302.34 of this chapter. *Law enforcement officials* means district attorneys, attorneys general, and similar public attorneys and prosecutors and their staff. When performed under written agreement, costs of the following activities are subject to reimbursement:

(1) The activities, including administration of such activities, specified in § 304.20(b)(2) through (8) of this chapter;

(2) Reasonable and essential short term training of court and law enforcement staff assigned on a full or part time basis to support enforcement functions under the cooperative agreement.

(b) *Limitations.* Federal financial participation is not available in:

(1) Service of process and court filing fees unless the court or law enforcement agency would normally be required to pay the cost of such fees;

(2) Costs of compensation (salary and fringe benefits) of judges;

(3) Costs of travel and training related to the judicial determination process incurred by judges;

(4) Office-related costs, such as space, equipment, furnishings and supplies, incurred by judges;

(5) Compensation (salary and fringe benefits), travel and training, and office-related costs incurred by administrative and support staffs of judges;

(6) Costs of cooperative arrangements that do not meet the requirements of § 303.107 of this chapter.

(c) *Methods of determining costs.* The State IV-D agency has discretion with respect to the method of calculating eligible expenditures by courts and law enforcement officials under cooperative agreements. However, any method used must account for specific costs incurred on behalf of cases receiving services under the IV-D State plan.

(d) *When agreements take effect.* FFP is available in IV-D costs incurred as of the first day of the calendar quarter in which a cooperative agreement or amendment is signed by parties sufficient to create a contractual arrangement under State law.

[47 FR 53017, Nov. 24, 1982, as amended at 47 FR 57284, Dec. 23, 1982; 50 FR 19656, May 9, 1985; 54 FR 30223, July 19, 1989; 64 FR 6252, Feb. 9, 1999]

**§ 304.22 Federal financial participation in purchased support enforcement services.**

Federal financial participation is available at the applicable matching rate for the purchase of support enforcement services as provided for in the State plan to the extent that payment for such purchased services is in accordance with rates of payment established by the State which do not exceed the amounts reasonable and necessary to assure quality of such service and in the case of such services purchased from other public agencies, the cost reasonably assignable to such services. The determination that the amounts are reasonable and necessary and that the costs are reasonably assignable must be fully documented in the IV-D agency records. Support enforcement services which may be purchased with Federal financial participation are those for which Federal financial participation is otherwise available under § 304.20 and which are included under the approved State plan.

[40 FR 27166, June 26, 1975, as amended at 47 FR 57282, Dec. 23, 1982; 50 FR 19656, May 9, 1985]

**§ 304.23 Expenditures for which Federal financial participation is not available.**

Federal financial participation at the applicable matching rate is not available for:

(a) Activities related to administering title I, IV-A, X, XIV, XVI, XIX or XX of the Act.

(b) Purchased support enforcement services which are not secured in accordance with § 304.22.

(c) Construction and major renovations.

(d) Education and training programs and educational services except direct cost of short term training provided to IV-D agency staff or pursuant to §§ 304.20(b)(2)(viii) and 304.21.

(e) Any expenditures which have been reimbursed by fees collected as required by this chapter.

(f) Any costs of caseworkers as described in § 303.20(e) of this part.

(g) Medical support enforcement activities performed under cooperative agreements in accordance with §§ 303.30 and 303.31 of this chapter.

(h) Any expenditures made to carry out an agreement under § 303.15 of this chapter.

(i) Any expenditures for jailing of parents in child support enforcement cases.

(j) The costs of counsel for indigent defendants in IV-D actions.

(k) The costs of guardians ad litem in IV-D actions.

[46 FR 54559, Nov. 3, 1981, as amended at 47 FR 57282, Dec. 23, 1982; 50 FR 41894, Oct. 16, 1985; 52 FR 32132, Aug. 26, 1987; 54 FR 32313, Aug. 4, 1989; 57 FR 54525, Nov. 19, 1992; 59 FR 66251, Dec. 23, 1994; 61 FR 67241, Dec. 20, 1996]

**§ 304.24 Equipment—Federal financial participation.**

Claims for Federal financial participation in the cost of equipment under the Child Support Enforcement Program are to be determined in accordance with subpart G of 45 CFR part 95. Requirements concerning the management and disposition of equipment under the Child Support Enforcement Program are also prescribed in subpart G of 45 CFR part 95.

[47 FR 41576, Sept. 21, 1982]

**§ 304.25 Treatment of expenditures; due date.**

(a) *Treatment of expenditures.* Expenditures are considered to be made on the date on which the cash disbursements occur or the date to which allocated in accordance with part 74 of this title. In the case of local administration, the date of disbursements by the local agency governs. In the case of purchase of services from another public agency, the date of disbursements by such other public agency governs. Different rules may be applied with respect to a

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State, either generally or for particular classes of expenditures only upon justification by the State to the Office of Child Support Enforcement and approval by the Office.

(b) *Due date for expenditure statements.* The due date for the submission of the quarterly statement of expenditures under § 301.15 of this chapter is 30 days after the end of the quarter.

[42 FR 26427, May 24, 1977]

## § 304.26 Determination of Federal share of collections.

(a) From the amounts of support collected by the State and retained as reimbursement for title IV-A payments and foster care maintenance payments under title IV-E, the State shall reimburse the Federal government the Federal share of the support collections. In computing the Federal share of support collections for assistance payments made under titles IV-A and IV-E, the State shall use the Federal medical assistance percentage in effect for the fiscal year in which the amount is distributed. The Federal medical assistance percentage is:

(1) 75 percent for Puerto Rico, the Virgin Islands, Guam, and American Samoa; and

(2) As defined in section 1905(b) of the Act as in effect on September 30, 1995, for any other State.

(b) If an incentive payment is made to a jurisdiction under § 304.12 of this chapter for the enforcement and collection of support obligations, the payment shall be made from the Federal share of collections computed in paragraph (a) of this section.

(c) If a hold harmless payment is made to a jurisdiction pursuant to section 457(d) of the Act, the payment shall be made from the remaining Federal share of collections following the incentive payment made in paragraph (b) of this section.

[64 FR 6252, Feb. 9, 1999, as amended at 68 FR 25305, May 12, 2003]

## § 304.27 [Reserved]

## § 304.29 Applicability of other regulations.

Sections 201.14 and 201.15 of chapter II of title 45 of the Code of Federal Regulations, which establish procedures for

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disallowance, deferral and reconsideration of claims for expenditures submitted by the States, shall apply to all expenditures claimed for FFP under title IV-D of the Act. For purposes of applying those provisions under title IV-D, *Service* shall read *Office* which refers to the Office of Child Support Enforcement; *Administrator* shall read *Director* which refers to the Director, Office of Child Support Enforcement; *Deputy Administrator* shall read *Deputy Director* which refers to the Deputy Director, Office of Child Support Enforcement; *Regional Commissioner* shall read *Regional Administrator* which refers to the Regional Administrator of the Administration for Children and Families; and *State* shall refer to the State IV-D agency.

[42 FR 3843, Jan. 21, 1977, as amended at 64 FR 6253, Feb. 9, 1999]

## § 304.30 Public sources of State's share.

(a) Public funds, other than those derived from private resources, used by the IV-D agency for its child support enforcement program may be considered as the State's share in claiming Federal reimbursement where such funds are:

(1) Appropriated directly to the IV-D agency; or

(2) Funds of another public agency which are:

(i) Transferred to the IV-D agency and are under its administrative control; or

(ii) Certified by the contributing public agency as representing expenditures under the State's IV-D plan, subject to the limitations of this part.

(b) Public funds used by the IV-D agency for its child support enforcement program may not be considered as the State's share in claiming Federal reimbursement where such funds are:

(1) Federal funds, unless authorized by Federal law to be used to match other Federal funds;

(2) Used to match other Federal funds.

[41 FR 7105, Feb. 17, 1976]

**§ 304.40 Repayment of Federal funds by installments.**

(a) *Basic conditions.* When a State has been reimbursed Federal funds for expenditures claimed under title IV-D, which is later determined to be unallowable for Federal financial participation, the State may make repayment of such Federal funds in installments provided:

(1) The amount of the repayment exceeds 2½ percent of the estimated annual State share of expenditures for the IV-D program as set forth in paragraph (b) of this section; and

(2) The State has notified the OCSE Regional Office in writing of its intent to make installment repayments. Such notice must be given prior to the time repayment of the total was otherwise due.

(b) *Criteria governing installment repayments.* (1) The number of quarters over which the repayment of the total unallowable expenditures will be made will be determined by the percentage the total of such repayment is of the estimated State share of the annual expenditures for the IV-D program as follows:

Total repayment amount as percentage of State share of annual expenditures for the IV-D program	Number of quarters to make repayment
2.5 percent or less .....	1
Greater than 2.5, but not greater than 5 .....	2
Greater than 5, but not greater than 7.5 .....	3
Greater than 7.5, but not greater than 10 .....	4
Greater than 10, but not greater than 15 .....	5
Greater than 15, but not greater than 20 .....	6
Greater than 20, but not greater than 25 .....	7
Greater than 25, but not greater than 30 .....	8
Greater than 30, but not greater than 47.5 .....	9
Greater than 47.5, but not greater than 65 .....	10
Greater than 65, but not greater than 82.5 .....	11
Greater than 82.5, but not greater than 100 .....	12

The quarterly repayment amounts for each of the quarters in the repayment schedule shall not be less than the following percentages of estimated State share of the annual expenditures for the program against which the recovery is made.

For each of the following quarters	Repayment installment may not be less than these percentages
1 to 4 .....	2.5

For each of the following quarters	Repayment installment may not be less than these percentages
5 to 8 .....	5.0
9 to 12 .....	17.5

If the State chooses to repay amounts representing higher percentages during the early quarters, any corresponding reduction in required minimum percentages would be applied first to the last scheduled payment, then to the next to the last payment, and so forth as necessary.

(2) The latest required financial reports submitted by the State shall be used to estimate the State's share of annual expenditures for the IV-D program. That estimated share shall be the sum of the State's share of the estimates for four quarters, beginning with the quarter in which the first installment is to be paid.

(3) In case of termination of the program, the actual State share—rather than the estimate—shall be used for determining whether the amount of the repayment exceeds 2½ percent of the annual State share for the IV-D program. The annual State share in these cases will be determined using payments computable for Federal funding as reported for the program by the State on its Quarterly Report of Expenditures and Estimates submitted for the last four quarters preceding the date on which the program was terminated.

(4) Repayment shall be accomplished through adjustment in the quarterly grants over the period covered by the repayment schedule.

(5) The amount of the repayment for purpose of paragraphs (a) and (b) of this section may not include any amount previously approved for installment repayment.

(6) The repayment schedule may be extended beyond 12 quarterly installments if the total repayment amount exceeds 100% of the estimated State share of annual expenditures.

In these circumstances, the criteria in paragraphs (b) (1) and (2) or (3) of this section, as appropriate, shall be followed for repayment of the amount equal to 100% of the annual State

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share. The remaining amount of the repayment shall be in quarterly amounts not less than those for the 9th through 12th quarters.

(7) The amount of a retroactive claim to be paid a State will be offset against any amounts to be, or already being, repaid by the State in installments, under the same title of the Social Security Act. Under this provision the State may choose to:

(i) Suspend payments until the retroactive claim due the State has, in fact, been offset; or

(ii) Continue payments until the reduced amount of its debt (remaining after the offset), has been paid in full. This second option would result in a shorter payment period.

A retroactive claim for the purpose of this regulation is a claim applicable to any period ending 12 months or more prior to the beginning of the quarter in which the payment is to be made by the Service.

[42 FR 28885, June 6, 1977, as amended at 52 FR 273, Jan. 5, 1987; 64 FR 6253, Feb. 9, 1999; 68 FR 25305, May 12, 2003]

## § 304.50 Treatment of program income.

The IV-D agency must exclude from its quarterly expenditure claims an amount equal to:

(a) All fees which are collected during the quarter under the title IV-D State plan; and

(b) All interest and other income earned during the quarter resulting from services provided under the IV-D State plan.

[49 FR 36772, Sept. 19, 1984]

## § 304.95 [Reserved]

## PART 305—PROGRAM PERFORMANCE MEASURES, STANDARDS, FINANCIAL INCENTIVES, AND PENALTIES

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AUTHORITY: 42 U.S.C. 609(a)(8), 652(a)(4) and (g), 658A and 1302.

SOURCE: At 65 FR 82208, Dec. 27, 2000, unless otherwise noted.

## § 305.0 Scope.

This part implements the incentive system requirements as described in section 458A (to be redesignated as section 458 effective October 1, 2001) of the Act and the penalty provisions as required in sections 409(a)(8) and 452(g) of the Act. This part also implements Federal audit requirements under sections 409(a)(8) and 452(a)(4) of the Act. Sections 305.0 through 305.2 contain general provisions applicable to this part. Sections 305.31 through 305.36 of this part describe the incentive system. Sections 305.40 through 305.42 and §§ 305.60 through 305.66 describe the penalty and audit processes.

## § 305.1 Definitions.

The definitions found in § 301.1 of this chapter are also applicable to this part. In addition, for purposes of this part:

(a) The term *IV-D case* means a parent (mother, father, or putative father) who is now or eventually may be obligated under law for the support of a child or children receiving services under the title IV-D program. A parent is a separate IV-D case for each family with a dependent child or children that the parent may be obligated to support. If both parents are absent and liable or potentially liable for support of a child or children receiving services under the IV-D program, each parent is considered a separate IV-D case. In counting cases for the purposes of this part, States may exclude cases closed under § 303.11 and cases over which the

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